IN THE

Supreme Court of the United States

OCTOBER TERM, A. D. 1951

No. 105

FRANK L. THORPE, LENAH THORPE, CHARLES W. WATERS and LOUISE T. WATERS, Co-Partners, Doing Business as F. L. THORPE & CO.,

Petitioners,

vs.

IVAN E. LANDSTROM, MARY E. LANDSTROM, A. E. DAHL, JACK DEVEREAUX and BURGESS DEAN, Co-Partners, Doing Business as BLACK HILLS JEWELRY MFG. CO.,

Respondents.

PETITIONERS' REPLY BRIEF

Respondents urge rejection of our Petition for four reasons. They contend:

First, that there is no substantial conflict in the decisions in the different circuits as to nonapplication of the Erie doctrine to a nondiversity case.

Second, that the Lanham Act occupies the entire field of trade-mark and unfair competition to the exclusion of local law.

Third, that the question of Petitioners' right to recover expense of cancellation of the fraudulent registration is controlled by general law, and that this alone required reversal of the District Court judgment.

Fourth, that the question of unfair competition by defamation is controlled by general law, and (as urged at the bottom of page 9) applicable South Dakota statutes and decisions are in conformity with the general law as pronounced by the Court of Appeals.

We shall deal briefly with these contentions.

1.

It is unnecessary to discuss at any length the importance of the issue as to whether the Erie doctrine is disregarded in nondiversity cases.

Decisions and authorities cited at pages 11-14 of our Petition speak for themselves. The Court of Appeals' decision here in question stands alone as an actual holding that the Erie doctrine has no application to a nondiversity case. The heavy weight of authority, to date, is to the contrary.

2.

As far as concerns the present action, the Lanham Act has definitely not occupied the field.

There is nothing in the Lanham Act or in any other Federal legislation which purports to fix the substantive rights of the parties as to a claim for unfair competition joined as a "related" claim to an action under the trade-mark laws, this as provided by Title 28, United States Code Annotated, Sec. 1338(b).

So far as concerns the claim for false registration, the only applicable Federal legislation is that such a registrant "shall be liable in a civil action by any person injured thereby for any damages sustained in consequence thereof." See Title 15 United States Code Annotated, Sec. 1120. As pointed out in our Petition (page 17) this poses the question whether this statute has the effect of a limitation on the amount of damages allowable under local law. *Pecheur Lozenge Co. v. National Candy Co.*, 315 U. S. 666, 62 S. Ct. 853, 86 L. Ed. 1103, adequately shows desirability of determining whether local law still controls as to substantive rights in such a situation.

3.

Corollary to what is stated under "2" is the question whether Petitioners are entitled to recover expenses sustained in setting aside the false registration. It was Petitioners' substantive right under decisions cited at page 18 of our Petition.

4.

It is hard to believe Respondents are serious in urging that the local law conforms to the general law as pronounced by the Court of Appeals as to unfair competition by defamation.

The Court of Appeals apparently recognized that under local law the District Court ruled correctly. See pages 251-252 of the Record.

The South Dakota cases cited in our Petition make it clear that in a trade libel such as this damages are presumed, and that pleading and proof of special damages are unnecessary. See particularly *Adams v. Scott,* 33 S. D. 194, 145 N. W. 446.

CONCLUSION

Our Petition squarely presents the question whether or not the Erie doctrine applies in a nondiversity case. The question is one which should be settled.

Respectfully submitted,

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